

Monroe Chamber of Commerce, Inc.

**Consolidated Financial Statements
As of and for the Years Ended
December 31, 2012 and 2011**

Monroe Chamber of Commerce, Inc.

Consolidated Financial Statements As of and for the Years Ended December 31, 2012 and 2011

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INDEPENDENT AUDITORS' REPORT

**Board of Directors
Monroe Chamber of Commerce, Inc.**

We have audited the accompanying consolidated financial statements of the **Monroe Chamber of Commerce, Inc.** and the **Monroe Chamber Foundation**, (collectively the Chamber) which comprise the consolidated statements of financial position as of December 31, 2012 and 2011 and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Chamber as of December 31, 2012 and 2011, and the consolidated results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2013 on our consideration of the Chamber's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

Luffey, Huffman, Reynolds & Simpson

(A Professional Accounting Corporation)

May 13, 2013

MONROE CHAMBER OF COMMERCE, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

ASSETS	December 31,	
	2012	2011 (Restated)
Current Assets		
Cash	\$ 143,231	\$ 56,026
Receivables		
Membership Dues	13,635	8,575
Total Resource Development Campaign	19,401	17,212
Governmental Contract	2,500	35,000
Other	55,323	5,405
Total Current Assets	234,090	122,218
Property and Equipment		
Furniture, Fixtures and Equipment	195,799	193,842
Less: Accumulated Depreciation	(189,528)	(182,557)
Net Property and Equipment	6,271	11,285
Other Assets		
Notes Receivable (Note 2)	47,500	-
Investment in Milner Building, L.L.C. (Note 2)	-	60,000
Prepaid Expenses	18,499	6,138
Total Other Assets	65,999	66,138
TOTAL ASSETS	\$ 306,360	\$ 199,641
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 20,000	\$ 1,838
Accrued Payables	2,653	3,075
Capital Lease Obligations - Current Portion (Note 3)	3,915	3,444
Refundable Advances	1,575	12,100
Deferred Revenue:		
Membership Dues	83,209	92,589
Governmental Contracts	14,167	14,167
Total Current Liabilities	125,519	127,213
Long-Term Liabilities		
Capital Lease Obligations (Note 3)	410	4,617
Total Long-Term Liabilities	410	4,617
Total Liabilities	125,929	131,830
Net Assets		
Unrestricted	180,431	67,811
Total Net Assets	180,431	67,811
TOTAL LIABILITIES AND NET ASSETS	\$ 306,360	\$ 199,641

The accompanying notes are an integral part of these statements.

MONROE CHAMBER OF COMMERCE, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES

	For the Years Ended	
	December 31,	
	2012	2011
Changes in Unrestricted Net Assets		
Support		(Restated)
Membership Dues	\$ 231,223	\$ 218,616
Administrative	6,958	6,213
Communications	47,890	50,578
Workforce Development	176,549	149,694
Government Relations/Affairs	298,966	298,316
Leadership	36,345	32,045
Annual Banquet	57,918	54,493
Special Event Revenue	149,341	112,647
Less Costs of Direct Benefits to Donors	(66,316)	(68,238)
Total Unrestricted Support	938,874	854,364
Expenses		
Program Services		
Workforce Development Division	134,157	118,528
Government Relations/Affairs Division	340,976	295,125
Membership Services Division	50,333	87,573
Total Program Services Expenses	525,466	501,226
Supporting Services		
Management and General (Note 5)	226,382	255,251
Fund Raising (Note 5)	20,207	20,974
Membership Development (Note 5)	54,199	60,555
Total Supporting Services Expenses	300,788	336,780
Total Expenses	826,254	838,006
Increase (Decrease) in Net Assets	112,620	16,358
Net Assets at Beginning of Year	67,811	51,453
NET ASSETS AT END OF YEAR	\$ 180,431	\$ 67,811

The accompanying notes are an integral part of these statements.

MONROE CHAMBER OF COMMERCE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Years Ended	
	December 31,	
	2012	2011
		(Restated)
Cash Flows from Operating Activities		
Increase (Decrease) in Net Assets	\$ 112,620	\$ 16,358
Adjustments to Reconcile Increase in Net Assets to		
Net Cash Provided (Used) by Operating Activities:		
Depreciation	6,972	19,589
Rental Expense - noncash	12,500	-
Changes in Assets and Liabilities:		
Membership Dues Receivable	(5,060)	(1,695)
Total Resource Development Campaign	(2,189)	(16,512)
Governmental Contract	32,500	(35,000)
Other Receivables	(49,918)	3,575
Prepaid and Other Assets	(12,361)	3,339
Accounts Payable	18,162	(6,765)
Accrued Payables	(422)	(1,200)
Refundable Advances	(10,525)	5,550
Deferred Revenue - Membership Dues	(9,380)	7,891
Total Adjustments	(19,721)	(21,228)
Net Cash Provided (Used) by Operating Activities	92,899	(4,870)
Cash Flows from Financing Activities		
Principal Paid on Capital Lease	(3,736)	(3,895)
Net Cash Used by Financing Activities	(3,736)	(3,895)
Cash Flows from Investing Activities		
Acquisition of Property and Equipment (Net)	(1,958)	-
Net Cash Used by Investing Activities	(1,958)	-
Net Increase (Decrease) in Cash	87,205	(8,765)
Cash at Beginning of Year	56,026	64,791
Cash at End of Year	\$ 143,231	\$ 56,026
Supplemental Disclosures:		
Cash Paid During the Year for:		
Interest	\$ 892	\$ 1,036
Income Taxes	\$ 372	\$ 1,014
Non-Cash Operating Activities		
In-Kind Contributions	\$ 172,690	\$ 165,260
Materials, Services and Supplies	\$ (162,378)	\$ (165,610)
Non-Cash Financing Activities		
Proceeds of Capital Lease of Property and Equipment	\$ -	\$ 10,613
Non-Cash Investing Activities		
Sale of Investment	\$ (60,000)	\$ -
Note Receivable from Sale of Investment	\$ 60,000	\$ -
Decrease in Note Receivable in Exchange for Rent	(12,500)	
Acquisition of Property and Equipment	\$ -	\$ (10,613)

The accompanying notes are an integral part of these statements.

MONROE CHAMBER OF COMMERCE, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

Note 1 - Summary of Significant Accounting Policies

Organization and Consolidation

The Monroe Chamber of Commerce, Inc. was incorporated September 1947 under the laws of the State of Louisiana. The Articles of Incorporation were restated in December 2010, and among other things, stated that the objectives and purposes of the organization are “to advance and protect the general welfare and prosperity of Ouachita Parish and the surrounding area so that the business community and its citizens shall prosper. All appropriate and necessary means of promotion shall be provided and particular attention shall be given to the economic, financial, commercial, agricultural, industrial, governmental, educational, and civic activities of the region. The Chamber shall observe all laws applicable to a nonprofit organization as defined in Section 501(c)(6) of the Internal Revenue Code or the corresponding provision of any such future law.”

In 1980 the Monroe Chamber Foundation was formed to pursue charitable, scientific, literary or educational purposes. The Board of Directors is elected in conjunction with the Monroe Chamber of Commerce, Inc.’s Board of Directors (Executive Committee) such that members of the Monroe Chamber of Commerce, Inc.’s Board of Directors (Executive Committee) are also members of the Monroe Chamber Foundation’s Board of Directors. As a result, the financial statements are consolidated to include both the Monroe Chamber of Commerce, Inc. and the Monroe Chamber Foundation (the Chamber) such that all intra-entity transactions have been eliminated.

Basis of Presentation

The Chamber has adopted Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-605-25, “Not For Profit Entities-Revenue Recognition”, and FASB ASC 958-205, “Not For Profit Entities-Presentation of Financial Statements”.

FASB ASC 958-205 establishes standards for financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions. FASB ASC 958-605-25 requires that unconditional promises to give (pledges) be recorded as receivables and revenues and requires the organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. A description of the three net asset categories follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met by either actions of the Chamber and/or the passage of time. As of December 31, 2012 and 2011, the Chamber has no temporarily restricted assets.

MONROE CHAMBER OF COMMERCE, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Chamber. Generally, the donors of these assets permit the Chamber to use all or part of the income earned on related investments for general or specific purposes. As of December 31, 2012 and 2011, the Chamber has no permanently restricted net assets.

Basis of Accounting

The financial statements of the Chamber have been prepared on the accrual basis. The significant accounting policies followed by the Chamber are described below to enhance the usefulness of the financial statements to the reader.

Cash and Cash Equivalents

The Chamber considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Property and Equipment

Property and equipment are recorded at cost. Expenditures that are greater than \$500 for additions, major renewals and betterments are capitalized. All other expenditures are expensed as incurred. The cost of assets retired or otherwise removed and the related accumulated depreciation are eliminated from the accounts in the year of removal, with the resulting gain or loss credited or charged to operations. Depreciation is recorded on the straight-line basis over the estimated useful lives of the assets ranging from three years for computer equipment to ten years for office furniture and equipment.

Deferred Revenue

Membership dues are billed on a monthly basis, coinciding with the month the member joined the Chamber. Membership revenue is deferred and recognized in the statement of activities on a straight-line basis over a one year period. Membership receivables are written off as uncollectable when they become 120 days past due.

Refundable Advances

Refundable advances consist of payments received during the Total Resource Development Campaign for events or programs to be carried out in the following year. These refundable advances are recognized as income in the subsequent year either on a straight line basis or as the individual event occurs.

Compensated Absences

Employees receive one week of vacation after six months, two weeks after one year, three weeks after five years, and four weeks after ten years of service. Vacation time is forfeited unless taken by year-end. Five days of sick leave are allowed annually. Employees are not compensated for any unused leave upon termination. Accordingly, no accrual for unpaid leave time is included in the financial statements.

MONROE CHAMBER OF COMMERCE, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Functional Allocation of Expenses

Program services expenses are those directly related to the purposes for which the Chamber exists. Supporting services expenses reflect other expenses incurred in operating the programs, fund raising, and membership development. Various operating expenses not directly connected with a specific function or program service is allocated to supporting services. The direct costs of providing the various programs and other activities have been summarized in the statements of activities. Salaries and employee benefits are allocated to program and supporting services based upon management's estimate of time each employee devotes to various activities.

Program services include:

Workforce Development Division – supports a combination of educational and workforce training needs throughout the region served by the Chamber. Some of the programs sponsored by the division are Accent on Excellence Breakfast and the regional Career Fair.

Government Relations/Affairs Division – focuses on state, local, and federal government initiatives. The Chamber has two registered state lobbyist on staff. These individuals are in Baton Rouge during Legislative Sessions as needed. They also conduct an annual Northern Exposure advocacy trip to the State Capital. On the local front, the Chamber has an agreement with the City of Monroe, to represent the City in the areas of economic development, state and federal advocacy, and transportation and infrastructure. The Chamber also conducts two trips to Washington, D. C., to meet with House and Senate members as well as various Federal agencies to promote issues of concern for our area.

Membership Services Division – benefits members of the Chamber by providing valuable information through a weekly newsletter and a semi-annual news magazine. The Chamber also provides literature to acquaint newcomers with Ouachita Parish which is also available on the Chamber's web site.

Supporting services include:

Management and General – includes oversight, business management, general record keeping, budgeting, financing, soliciting revenue from exchange transactions, such as government contracts and related administrative activities.

Fund Raising - includes the costs of the annual Holiday Auction held in December of each year. The Chamber also hosts a golf tournament for members to raise funds.

MONROE CHAMBER OF COMMERCE, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Membership Development – includes soliciting for prospective members, membership dues and the Total Resource Development Campaign which solicits participation in and support of its various programs in fulfilling the mission of the Chamber and enhancing benefits to the membership.

Donated Materials and Services

Capital items are recorded at their fair market value on the date of donation. The value of contributed services and miscellaneous materials meeting the requirements for recognition in the financial statements are recognized as revenues and related expenses for gifts-in-kind.

Tax Status

The Chamber has qualified as an organization exempt from federal income taxes pursuant to Section 501(c)(6) of the Internal Revenue Code; therefore, there is no provision for income taxes in the accompanying financial statements except for tax on unrelated trade or business income related to maps and tabloids.

Impairment of Long-Lived Assets

The Chamber assesses whether there has been impairment in the value of its long-lived assets whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount to the future net cash flows, undiscounted and without interest, expected to be generated by the assets. If such assets are considered to be impaired, the amount of impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 - Investment in Milner Building, LLC

The Chamber sold its interest in the Milner Building on January 30, 2012 for \$60,000 to The Milner Building, LLC in the form of a promissory note. The Milner Building, LLC agreed to repay the Chamber its \$60,000 previous investment in Milner Building, LLC by allowing the Chamber to reduce its monthly rental payment amount to \$2,324, which is a reduction of \$1,250 per month or \$60,000 for the 48 month period.

MONROE CHAMBER OF COMMERCE, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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The Chamber's Finance Committee had suggested at the time of the negotiation to rework the Chamber's office lease agreement and the sale of its interest in Milner Building, LLC that the Chamber should set money aside in a separate money market account that represents the effective collection on the note receivable via reduced rent expense. This initiative was with the objective that at February 29, 2016, the end of the 48 month lease agreement (see "Note 6 – Operating Lease – Office Space" of these Notes to the Consolidated Financial Statements for more lease information), the Chamber would have \$60,000 in a separate savings account. As of December 31, 2012 the Chamber had transferred into the separate money market account \$12,500, the cumulative amount of the notes receivable reduction for the ten months ended December 31, 2012, the number of months in 2012 of the revised lease agreement that began March 1, 2012.

The activity in the money market account for 2012 is as follows:

Balance, beginning of the year	\$ -0-
Transfers into the account	12,500
Disbursements from the account	<u>-0-</u>
Balance, end of the year	<u>\$12,500</u>

Note 3 - Capital Lease Obligation-Computer Equipment

In March, 2011, the Chamber entered into a capital lease, acquiring \$10,613 of computer equipment at an interest rate of 12.87%. Capital leases give rise to both property rights and long-term lease obligations and are reflected on the Chamber's Statements of Financial Position.

Total lease payments for the years ended December 31, 2012 and 2011 were \$4,283 and \$4,931, respectively. As of December 31, 2012, future minimum lease payments under the capital lease obligation are as follows:

Year	Amount
2013	\$ 4,283
2014	<u>714</u>
Total Minimum Lease Payments	4,997
Less: Amounts Representing Interest	<u>(380)</u>
Net Present Value of Future Minimum Lease Payments	<u>\$ 4,617</u>

MONROE CHAMBER OF COMMERCE, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

Note 4 - Line of Credit

The Chamber obtained a \$75,000 revolving line of credit on June 15, 2010. The line of credit has a variable interest rate based on changes in an independent index-Low Prime Rate and is renewed every two years. The line of credit was renewed during 2012 and expires August 2, 2014.

Note 5 - Supporting Services

Management and General Expenses consist of the following for 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Automobile Expense	\$ 2,088	\$ 1,777
Continuing Education	539	-
Depreciation	6,972	19,589
Insurance	5,132	7,072
Interest	892	2,289
Lease-Copier Equipment	5,695	5,822
Lease-Office Space	47,862	72,473
Office Supplies	7,956	12,521
Postage	5,983	3,652
Professional Fees	21,636	28,604
Salaries and Employee Benefits	80,620	75,180
Service Contracts and Repairs	7,575	3,270
Telephone	11,326	10,906
Unrelated Business Income Taxes	372	1,547
Other	<u>21,734</u>	<u>10,549</u>
 Total	 <u>\$ 226,382</u>	 <u>\$ 255,251</u>

Fund Raising expenses consist of the following for 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Salaries and Employee Benefits	\$ 20,207	\$ 20,129
Congressional Matters	<u>-</u>	<u>845</u>
 Total	 <u>\$ 20,207</u>	 <u>\$ 20,974</u>

MONROE CHAMBER OF COMMERCE, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Membership Development expenses consist of the following for 2012 and 2011:

	2012	2011
Salaries and Employee Benefits	\$ 36,082	\$ 40,965
Annual Meeting and Banquet	14,085	12,948
Printing and Developing	887	1,854
Other	3,145	4,788
 Total	 \$ 54,199	 \$ 60,555

Note 6 - Operating Lease -Office Space

The Chamber leases office space from Milner Building, LLC, under a four year noncancelable operating lease, from March 1, 2012 until February 28, 2016. Total rental expenses for the years ended December 31, 2012 and 2011, were \$47,862 and \$72,473, respectively. Future minimum lease payments required under the operating lease total \$135,812.

Note 7 - Employee Retirement Plan

The Chamber provides a 401 (k) retirement plan for eligible employees. To participate in the plan, employees must be at least 21 years of age and have provided one year of service. The Chamber contributes 5% of participating employees' earnings. Employees may make a pre-tax voluntary contribution of up to 100% of their compensation or the maximum amount permitted by law to the plan. The Chamber contributed \$12,518 and \$12,135 to this plan for the years ended December 31, 2012 and 2011, respectively.

Note 8 - Noncash Activities

For 2012 and 2011, the Chamber received noncash revenues in the form of membership dues and total resource development campaign contributions of \$142,675 and \$142,660 in exchange for contributed services of \$132,363 and \$143,010. Additionally, Special Event revenue and Cost of Direct Benefits to Donors includes noncash activity in the form of items donated for the auction. For 2012 and 2011, the Chamber received items with fair market values of \$30,015 and \$22,600 that were later sold at auction. Additional noncash activities include the sale of the Milner Building Investment in exchange for a notes receivable instrument and the expense of office rent that does not use cash outlays (refer to Note 2).

MONROE CHAMBER OF COMMERCE, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

Note 9 - Disclosures about Concentrations

All of the membership dues receivable represents amounts due from businesses located within Ouachita Parish and mostly within the City of Monroe. Approximately five percent of other receivables represent amounts due from the membership for participation in other programs such as leadership, government relations and similar programs. The Chamber does not require any security or collateral to secure these amounts.

During 2012 and 2011, the Chamber received \$100,000 and \$155,000, respectively (17% of total support in each of these years) from the City of Monroe, the University of Louisiana-Monroe, and the Ouachita Terminals. A portion of these funds (\$100,000 and 120,000 for 2012 and 2011) received from these local entities was used to support the costs of the Chamber's consulting lobbying firm. The lobbying firm contract is cancelable with 30 days notice.

The Chamber has various deposit accounts at two federally insured financial institutions. As of December 31, 2012, the bank balances in these accounts did not exceed the FDIC coverage. Beginning December 31, 2010, through December 31, 2012, all noninterest-bearing transaction accounts are fully insured, regardless of the balance of the account, at all FDIC-insured institutions.

Note 10 – Change in presentation and restatement

Management has opted to consolidate the Monroe Chamber of Commerce, Inc. and the Monroe Chamber Foundation for financial reporting purposes. This change in reporting is reflected in the comparative financial statements for the years ended December 31, 2012 and 2011. An adjustment of \$662 was made to the January 1, 2011 net assets. Management has further decided to classify the costs of direct benefit to donors in the Support section rather than including these costs in fundraising expenses. An additional \$12,925 of items donated for the auction and the associated cost of direct benefit to donors have been included in the support section of the Statement of Activities for the year ended December 31, 2011. Therefore, the presentation of the Statement of Activities for the year ended December 31, 2011 has been restated to reflect this change in presentation.

Note 11 – Subsequent Events

Subsequent events have been evaluated by management through the date the financial statements were available to be issued, May 13, 2013, and noted no significant events occurred for disclosure.

LUFFEY, HUFFMAN, RAGSDALE & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Monroe Chamber of Commerce, Inc.
Monroe, Louisiana

We have audited the consolidated financial statements of the **Monroe Chamber of Commerce, Inc.** and the **Monroe Chamber Foundation**, (collectively the Chamber) as of and for the years ended December 31, 2012 and 2011, and have issued our report thereon dated May 13, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Chamber's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Chamber's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Chamber's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Board of Directors
Monroe Chamber of Commerce, Inc.**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Chamber's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of management, the Chamber's Board of Directors, entities granting funds to the Chamber and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Suffern, Huffman, Roydale, & Seigrist

(A Professional Accounting Corporation)

May 13, 2013